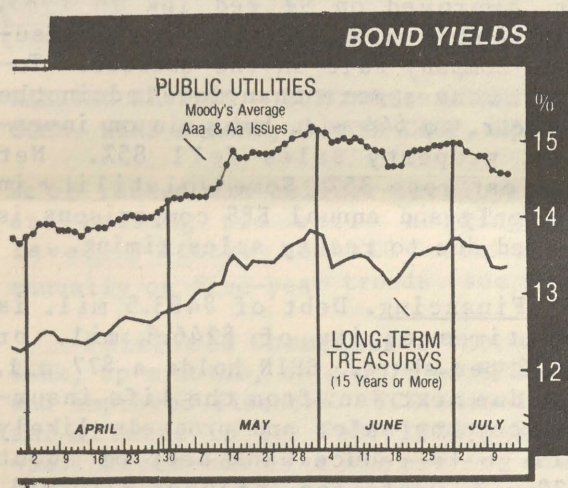


Realty Stock Review

July 13, 1984 (Priced July 10)

VOL. XV, NO. 13



This graph tells, more clearly than any words, why we've been counseling for weeks now to expect lower interest rates in coming months. It's merely a regularly featured graph from today's Wall Street Journal.

It shows that long-term rates made an important interim peak about Memorial Day and have been headed lower since, decisively so since Independence Day. Amazingly, most mainline economists seem to rush right by this evidence in their hurry to predict still higher rates. The situation is not unlike that in summer 1982 when the vast majority of economists forecast higher rates -- only to turn on a dime when the Fed changed policy stance.

We see two main reasons for this shift: 1) the end of 30% withholding tax on interest paid to foreign holders of U.S. bonds, which will make Treasury obligations that much more attractive to foreigners. 2) The total government deficit (as separate from the Federal deficit) is shriveling. Some economists now predict that the net deficit will vanish by the end of the 1980s. Why is this so? Because Uncle Sam is busy funneling a good share of tax revenues to the states and local governments just as rapidly as it's collected.

We can't think of any better news for realty stock investors. It's been showing in market action all year and is continuing. Our tally of New Highs and Lows on page 7 (which we use as a market guage for realty stocks vs. the market) shows 15 new highs - the largest number of new highs since last December. It also shows in our Group Action Summary on page 8 with five of 10 groups outperforming the Dow-Jones Industrials.

We've not flashing an all-out buy signal but we think it's time to look at some of the major homebuilders. Fairfield Communities and Centex, both majors with excellent EPS records, are reviewed inside. We also include Southland Financial in RSR as a long-term (and maybe going-private) play.

DEPARTMENTS INSIDE

Market Strategy.....1	Appraised net asset value...7
Ranking Reviews.....2-7	Group Action summary.....8
New Highs & Lows.....7	STOCK REVIEWS THIS ISSUE
Bond statistics.....8	American Pacesetter.....4
RSR Stock Rankings.....8	Centex Corp.....3
Buy-Sell-Hold advices...8	Countrywide Credit Indust...5
	Equitec Financial Corp.....6

DEPARTMENTS INSIDE

Appraised net asset value...7	Fairfield Communities....3
Group Action summary.....8	Hovnanian Enterprises....5
STOCK REVIEWS THIS ISSUE	Integrated Resources.....6
American Pacesetter.....4	Southland Financial2
Centex Corp.....3	Universal Development....5
Countrywide Credit Indust...5	
Equitec Financial Corp.....6	

Fairfield Communities....3
Hovnanian Enterprises....5
Integrated Resources.....6
Southland Financial2
Universal Development....5

KENNETH D. CAMPBELL, PRESIDENT/FAYE KREISMAN, STATISTICS/AUDIT INVESTMENTS, INC., 230 PARK AVE., N.Y. 10169

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NEW LISTINGS: SOUTHLAND FINANCIAL CORP. EMERGES AS PURE DALLAS REAL ESTATE PLAY

We're adding **Southland Financial Corp.** to RSR coverage this issue because the company is emerging as a pure Dallas realty play following sale of its life insurance operations early this year. Shares trade on the National OTC Market under the symbol SFIN and we are giving an initial Ranking of B.

SFIN is old-line Dallas money; a Dallas freeway is named for the founding Carpenter family (31.6% owners) and institutions own 26% of shares. Yet winds of change are blowing: in the first quarter SFIN sold its Southland Life Insurance Co. for \$352 mil. to build liquidity and gain more flexibility in developing its major realty holding, the 2,742 acre Las Colinas tract in Irving, Tex. on a key expressway from the Dallas-Ft. Worth Airport to downtown. SFIN also is developing an adjoining 1,927 acres owned by a 33% owned affiliate.

In Las Colinas SFIN has built and owns seven mid- and high-rise offices with 1.78 mil. sq. ft.; nine garden offices with 448,000 SF; 424-room luxury hotel; 756 DU apartments; a country club and sports complex. In downtown Dallas it owns the 1,000,000 SF Southland Center and the 520 rm. Sheraton Dallas Hotel; six smaller garden offices with 98,000 SF. Two additional high-rise offices with 1.19 mil. sq. ft. are under construction at Las Colinas.

Property assets of \$682.8 mil. are 48% land inventory; 40% investment rental real estate; 7% joint ventures; and 6% rental property under construction. Investment properties of \$273 mil. are 49% offices; 34% hotel and recreational; 13% apartments; 3% shopping center and retail; 1% other.

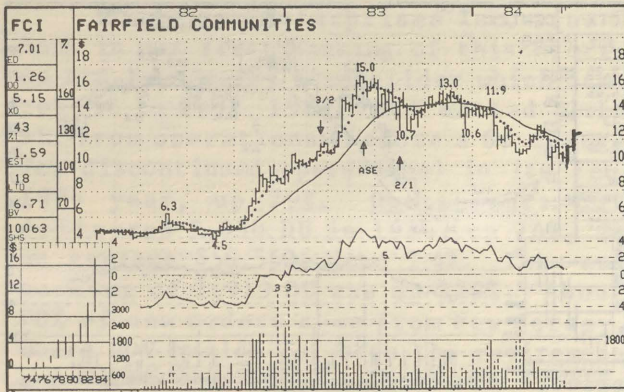
Thru subsidiaries SFIN builds, leases and manages offices, shopping centers, apartments and hotels; markets single family homes; farms on 20,600 acres of ranchland; and manages assets thru Southland Trust Co. Revenues of \$106.9 mil. in '83 were derived 40% from

land and building sales; 28% rentals; 7.8% landscaping; 7.5% investment property sales; 9% hotel, recreational and management services; 3% restaurant; 7% other. Joint ventures lost 5.5%.

Results. SFIN continuing realty operations lost 72¢ sh. in 1983, up from 56¢ sh. loss in 1982. Insurance operations, now sold, brought full-year net to \$1.10 sh. Loss of 6¢ sh. in the Mar. qtr. improved on 9¢ red ink in 1983. SFIN booked \$1.52 sh. gain on the insurance company sale in the quarter. Total revenues more than doubled in the Mar. qtr. to \$44 mil. but gain on investment property sales fell 85%. Net interest rose 35%. Some volatility in quarterly and annual EPS comparisons is expected due to realty sales timing.

Financing. Debt of \$483.5 mil. is 1.96 times equity of \$246.3 mil. or \$14.76 per share. SFIN holds a \$77 mil. note due next Jan. from the life insurance company sale, and proceeds likely will go to reduce bank debt of about \$120 mil. Debt also includes \$210 mil. mortgages on income properties and about \$150 mil. land and construction loans.

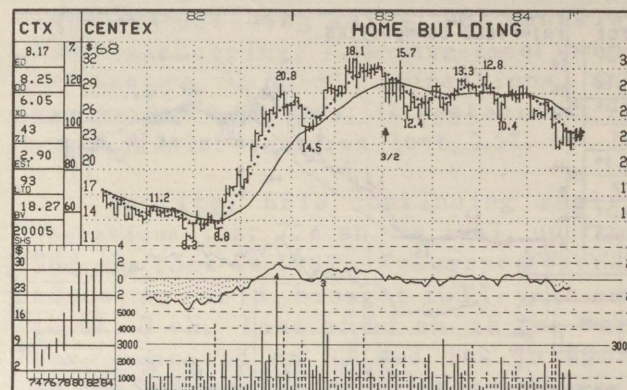
Outlook. SFIN clearly is a major asset play and with Dallas-Ft. Worth still the nation's biggest housing market (109,000 starts last year), the well positioned Las Colinas stands to be a major long-term beneficiary (a 20 year development plan is envisioned). But the Las Colinas land isn't cheap, being on the books at about \$100,000 per acre including improvements. Southland Center (\$67.8 mil. cost) is probably well under the market at \$67.75/sq. ft. cost but the adjacent Sheraton Dallas, recently renovated, is booked at about \$97,000/room. Offices in Las Colinas are booked at about \$100/SF and up. Office leasing has slowed in Dallas (SFIN's Las Colinas offices are about 70% leased), slowing near-term development. With shares at \$20.25 bid, they are about 37% over net book value. The 52¢ dividend yields about 2.5%. Shares have backed off from a high of \$28.25 reached early this year. We see shares for patient long-term gains and benefits of the recycled funds.



Operations. One of the largest multi-city builders, CTX also is significant in general construction, cement and oil/gas (which is being spun off to shareholders). Sales of \$1.18 bil. in the March 1984 year were 47% homebuilding, 37% construction, 10% cement, 6% oil and gas. Net income of \$54.1 mil. before \$3.3 mil. unallocated corporate expense, was 49% homebuilding, 10% construction, 23% cement, and 18% oil and gas. In homebuilding, CTX delivered 6,711 DU in 1984, up 43% but year-end backlog fell 16% to 2,165 DU. Revenues rose 59% to \$555 mil. CTX's biggest building unit, Fox & Jacobs Inc. of Dallas, scored a 24% sales gain to 3,894 DU in Dallas/Ft. Worth, Houston, Tulsa and Oklahoma City. Centex Homes Corp. builds and markets both single and multi-family homes in Seattle, San Francisco, Sacramento, Denver, Chicago, Minneapolis, Miami, Orlando, and Washington, D.C. The southeastern markets were strongest, delivering 1,295 DU, up 69%. CTX is entering three new markets in 1985: Austin, Tampa, and Atlanta. CTX's mortgage financing subsidiaries sold \$396 mil. GNMA collateralized mortgage obligations to provide buyer financing. General contracting saw revenues fall 10% to \$443 mil. and earnings dipped 27%. Year-end backlog was a record \$522 mil. however. Cement revenues rose 21% to a record \$118 mil., aided by higher selling prices, and earnings were up 48%. CTX cement plants are among the industry's most modern.

Oil & gas. The Cenergy Corp. sub had a small earnings decline to \$9.4 mil. on flat revenues, mainly due to a soft gas market and declining oil prices. Because Cenergy is a major capital user (66% of CTX capital spending and all the unit's cash flow), it is being spun off. It accounts for \$5.50 of CTX's book value per share.

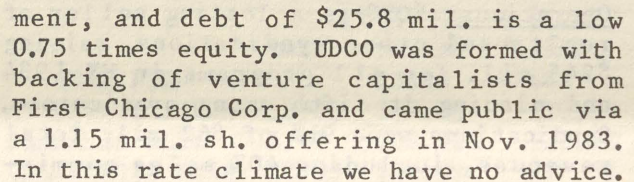
Finances & outlook. CTX has gradually cut its debt load and \$220.8 mil. debt is a low 0.5 times equity. Debt is 62% bank notes, the rest long-term land and property financing, most secured. The Cenergy spinoff will lower EPS to \$2.12; EPS remain sensitive to interest rate swings. Homebuilding units have stressed profitability in recent years, not absolute sales volume, so we see a



modest EPS gain to about \$2.25 ex Cenergy in our projected interest environment. Shares at \$23.00 (NYSE) sell at a 15% premium over hard book value (including Cenergy). Down 30% from their mid-1983 high (see chart), shs. are solid L-T buy/holds.

American Pacesetter rises to C Rank with a return to profitability after a dismal 1982. AECF earned 72¢ sh. in 1983, vs. \$1.19 loss. It's the lowest EPS in five years and the turnaround largely reflects swings in market value of its investment properties. Total revenues rose 40% to \$94.5 mil. divided 51% real estate, 36% electronics, 3% rents, 10% interest. AECF delivered 341 homes (46% singles, 54% condos & townhomes), up 71%; it also sold 37 improved lots and a neighborhood shopping center. It began building five commercial properties in 1983 and has bought land for 240,000 sq. ft. research and development buildings. Investment properties held include 191 apartments (designed for sale as condos); 18 industrial buildings with 193,000 SF; and four offices with 66,700 SF. Real estate was profitable in 1983 partly because AECF had net valuation credits of \$542,000, vs. \$2.08 mil. charges in 1982. **Finances:** AECF carries \$71.9 mil. receivables from property sales, mainly from homes sold in 1981, and has borrowed \$63.2 mil. against these notes. As result total debt of \$143 mil. is a high 5.9 times equity. AECF has acquired \$40 mil. San Clemente S&L. Chrm. & Pres. John Klug owns 33%. Shares at \$7.38 (Pacific) sell at about 39% below historic cost book value of \$12.10; the thin float limits broader investor appeal.

Universal Development Corp. also is accorded C Rank in its first ranking. UDCO is sponsored by Chicago based venture capitalists who've tailored some unique land-holding devices into their format. UDCO earned \$1.39 sh. in 1983, up 239%. The March qtr. netted 22¢, up 22%. Operations: UDCO delivered 1,061 DU in 1983, up 141%, from 22 communities. It focuses upon Sunbelt markets in four states: Fla., N.C., Ariz., and Calif. Retirement communities include 1,400 acre Parkwalk in Palm Beach Co., Fla.; Fountain of the Sun and Westbrook Vil. in Phoenix, and Las Brisas Bernardo in the Rancho Bernardo section of San Diego. IN Apr. UDCO acquired Terra California, developer of two major retirement communities in the San Francisco Bay area. UDCO aims to control land while minimizing front-end cash outlay by forming partnerships to buy land it identifies; UDCO then exercises an option to buy the land generally within three years. As result only about 20% of assets represent property in develop-



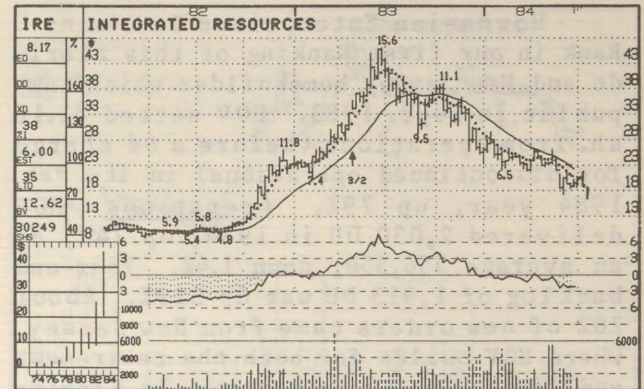
Countrywide Credit Industries Inc.

risers to B Bank with an EPS gain and stronger equity base. CCR earned 73¢ in its Feb. 1984 year, up 83% fully diluted. However 43¢ stemmed from an accounting change, to comply with new rules, relating to accounting for revenue from mortgage sales when servicing is retained. May qtr. EPS fell 59% to 12¢, partly because of lower profits (4¢) on loan sales and new office openings. Operations: CCR is a mortgage banker focusing upon originating used-home mortgages. It originates thru salaried employees in nearly 100 offices nationwide, thus lowering origination costs. A year ago it decided to retain substantially all servicing, thus foregoing loan resale profits for longer-term servicing volume. At year-end CCR serviced \$1.04 bil. loans, up 46%, and added \$190 mil. originated in the May qtr. to the portfolio. CCR is now moving into builder-loan origination, mobile home paper, has formed a thrift & loan company in California, and expects to activate an S&L in Calif. by year-end. Subsidiary Countrywide Securities Corp. wholesales odd-lots (less than \$1 mil.) of GNMA and other mortgage-backed securities to other brokers and smaller financial institutions. Finances & outlook: CCR sold 1.2 mil. sh. in June 1983

to boost book value to \$3.60/sh. Debt of \$83.7 mil. is 3.3 times equity, below average for mortgage bankers. While shs. are down in the adverse rate climate, servicing volume growth should ultimately aid EPS; buy long-term.

Equitec Financial Corp. keeps A Rank with continued EPS and balance sheet strength. EQTC netted \$1.30/sh. in its April 1984 year, up 140% for the year and at 50% annually over the past five years. Dividends, although small, rose for the fifth year running, to 5¢. Operations: EQTC is a leading seller of realty and other syndications, raising \$245 mil. for all programs in FY 1984 and placing it fifth among syndicators. Syndications were 91% of \$62 mil. total revenues, including 40% sales commissions (most paid to selling brokers), 43% acquisition, advisory and evaluation fees, and 6% management fees. It acts as general partner for partnerships with \$740 mil. assets and has residual interests in most. EQTC aims to be a major national financial services company, specializing in institutional and individual money management. In May it acquired Siebel Capital Mgmt., which manages about \$1 bil. securities, and has agreed to acquire \$76 mil. asset Empire S&L of Riverside, Cal. Siebel is being acquired for \$25 mil. cash (of which \$24.4 mil. will be goodwill) plus potential \$19 mil. earnout over five years. Siebel would have added 55¢ to EPS pro forma in 1984. Liquidity is strong and Siebel was bought with proceeds of a \$25 mil. debenture offering in Dec.; EQTC also raised \$6 mil. via its initial public offering in Aug. 1983. Debt is 1.3 times tangible equity and operating cash flow is positive. Shs. are depressed in this rate climate and are L-T buy/holds.

Integrated Resources Corp. stays at C Rank but we confess to more misgivings about the stock than any other on our list. Nowhere is the gap between general accounting principles and cash flow more apparent than in IRE's accounts. IRE earned \$3.37/sh. (\$3.30 diluted) in 1983 but operating cash flow was a negative \$3.61/sh. The swing comes because IRE reports income from sale of limited



partnership (LP) interests which it finances by extending non-current notes (generally payable over five years) to buyers. This extension of credit soaked up a net \$92.3 mil. (or 160% of earnings). Moreover another \$11.4 mil. income came from a unconsolidated life company and cash can't be dividended up to IRE. Operations: A major syndicator, IRE raised \$798.2 mil. equity for its limited partnerships and REITs in 1983, divided 68% (\$540 mil.) realty LPs; 10.5% (\$83.7 mil.) public REITs; 16% (\$129 mil.) equipment leasing; and 6% energy, CATV and other. 61% are privately offered syndications, with the bulk being commercial net leased real estate where IRE is a leader. Program sales generated 65% of \$322.5 mil. revenues, with 18% derived from insurance and brokerage, and 15% interest income on notes. It is broadening products and is introducing an equity-linked real estate variable annuity thru its insurance arm; it also has entered restaurant franchising and begun raising funds for leveraged buyouts.

Financing: Because it needs continuing financing for buyer receivables, IRE sold \$320 mil. of preferred stock in 1983, so that working capital at Mar. 31 was \$180 mil. Expectably, \$95.95 mil. net equity is leveraged with \$276 mil. debt and \$370 mil. liquidating value preferred. The leverage began biting in the March qtr. when \$8.96 mil. income did not cover \$9.9 mil. cumulative preferred dividends and loss amounted to 12¢ common share. Last week IRE bought back 1.8 mil. of \$4.25 convertible preferred for 1.2 mil. shs. of its adjustable rate preferred and \$30.5 mil. cash; the \$4.25 preferred had tumbled 38% from

its \$50 initial sale price in June 1983 and the deal essentially got four large holders out at about 96% of par. Simultaneously the four large holders bought \$102 mil. of new 13.125% debentures with proceeds to fund a new finance subsidiary. IRE also has been repurchasing common shares and repurchased 298,000 sh. at \$26.50 in 1983. Another 707,800 sh. were bought for average \$25/sh. in the March qtr. and another 431,000 sh. thru mid-May.

Shares: IRE common has plummeted 63% to current quotes of \$16.88 (NYSE) since mid-1983 (one preferred was sold near the high and is convertible at \$47.25). Concern about impact of pending tax legislation appears to have started the plunge and while the new tax legislation appears to have done little harm to IRE, misgivings about negative cash flow and the high preferred leverage (which brought the Mar. qtr. loss) are now widespread. We believe IRE is building substantial residuals thru its partnership financing, but it's tough to pay interest and preferred dividends with residuals. Present operating modes leave IRE much too vulnerable to credit accidents in any crunch for capital. So while shs. are now approaching net book value of \$13.35/sh., we'd avoid them for now and list them as hold/sells.

NEW HIGHS & LOWS: NEW LOWS CONTINUE TO DOMINATE WITH 37, V. 15 NEW HIGHS

New 52-week highs and lows by category thru July 11 are:

NEW HIGHS (15)

- Gr.1&2-Prop. & Comb. REITs (6): Amer. Equity, IRT Property, JMB Realty, Mutual REIT, Old Dominion, Prop. Cap. Tr.
Gr.4&5-Bldrs/Dev. (3): First City Prop., Parkway Co., Shapell Indust.
Gr.6-Income Prop. (1): Charan Ind.
Gr.8-Diversified (3): Citizens Growth, Eastover Corp., First Carolina Inv.
Gr.9-Syndicator (1): Angeles Corp.
Gr.L-Liquidating (1): Canal Rand. new.

NEW LOWS (37)

- Gr.1-Prop.REIT (2): One Liberty Firestone, REIT of Amer. Inc.
Gr.2-Comb.REIT (3): Cenvill Inv., Mtg. Growth, Travelers REIT.
Gr.3-Mtg. REITs (5): BRT Rlty., ConCap Inc., Commwlth. Fin., MONY Mtg., Res. Pen.

- Gr.4&5-Bldrs/Dev. (13): Amer. Cont'l., Amer. Pac., Cenvill Devel., Covington, Genl. Home., Leisure Tech., Lennar, Levitt Corp., Lifetime Comm., Presley Co., Ryland Group, U.S. Cap., Writer Corp.
Gr.6-Prop. Owners (2): Koger Prop., Ind.Fl.
Gr.7-Mtg.Bank (3): Amer. Century, Grt. Amer. Mgmt., U.S.Mut.
Gr.8-Diversified (4): Kaufman & Broad, Hallwood Group, Southmark, Vyquest.
Gr.10-Mfg.Hsg. (5): Fleetwood, Nat. Home, River Oaks, Skyline, Zimmer Corp.

APPRAISED ASSET VALUE COMPARISONS

QUALIFIED REITS	DATE	APPRAISED % PRICE	
		VALUE/ SHARE	TO APP. VALUE
AM EQUITY INV #	12/83	\$25.76	-10.2%
BANKAMER RLTY	7/83	\$28.50a	-12.7%
CALIFORNIA REI#	12/83	\$12.89	-16.6%
CLEVETRUST RLTY	9/83	\$24.00b	-34.4%
COMMONWLTH RLT#	11/82	\$17.00	-44.8%
FIRST UNION RE#	12/83	\$32.40	-21.3%
INTL INCOME PR#	12/83	\$11.79	-21.5%
IRT PROPRTY CO#	12/83	\$19.60b	-11.3%
JMB REALTY	8/83	\$19.34	-14.7%
MORTGAGE GROWTH	11/83	\$18.25b	-23.9%
NEW PLAN RL TR#	7/83	\$13.85	-18.8%
PROPTY TR AMER#	12/83	\$18.50b	-31.1%
REIT AMER INC #	10/83	\$58.03	-47.9%
RL EST INV PRP#	12/83	\$18.91	-31.3%
SANTA ANITA	12/83	\$23.98	-14.5%
UNIVERSITY RE	12/83	\$8.29	-39.7%
USP RL EST INV#	12/83	\$15.57	-40.6%
WASH RE (WRIT)#	12/83	\$26.50b	-28.3%
WELLS FARGO M&E	6/83	\$29.64a	-19.9%
WESTERN INV RE#	12/83	\$17.98	-16.6%
AVERAGE			-24.9%

OPERATING COMPANIES

BAY FINCL CORP	5/84	\$33.94	-43.3%
CARLSBERG CORP	5/83	\$18.78	-61.4%
FAIRFIELD COM	2/84	\$18.62a	-32.9%
KOGER CO #	12/83	\$23.53	-7.6%
ROUSE CO #	12/83	\$40.13	-20.6%
SAUL (BF) REIT	9/83	\$20.42	-29.0%
SOUTHWEST RLTY#	12/83	\$23.62	-42.8%
AVERAGE			-33.8%

Appraised market values of net assets (i.e., properties held) are either reported publicly by companies or estimated by RSR (see note b). Values are estimated by management & concurred in by independent appraisers except: Koger Co. values set by independent appraisers; New Plan Realty, mgmt. estimate only. Share values are fully diluted.

a-Entity has not revalued mortgages.

b-Estimated by RSR; not confirmed by entity.

CONVERTIBLE DEBENTURES

STRAIGHT BONDS

DEBENTURE	EX	INT (%)	MAT	MIL \$ OUT	CONV SH(000) AT RESERVD	RECENT PRICE	YIELD (%)	CONV PARITY	STOCK PRICE	ISSUER & DESC.	EX	INT.	MATURITY	MIL \$	PRICE	% YIELD	
AMER CENTY'B	NY	6.75	'91	9.81	16.72	586	65.00	10.4	10.86	7.75	AMER CONTNL-A	OC	10.75	8/1/90	125.0	81.00	13.3
ATL METRO	OC	6.75	'91F	7.33	6.79	1079	54.00	12.5	3.66	0.94	AMER PAC-B	PS	16.25	9/30/94	4.3	94.00	17.3
BANKAMER RLT	NY	9.50	'00	2.59	17.44	148	143.00	6.6	24.93	24.88	BAY COLONY PROP-B	PS	8.50	3/15/89	13.3	80.50	10.6
BANKAMER RLY	NY	9.50	'08	50.00	31.00	1612	89.75	10.6	27.82	24.88	CAMPANELLI-B	AS	12.88	7/1/94	14.5	74.00	17.4
CENTENNIAL	OC	7.00	'86	2.09	16.67	125	81.00	8.6	13.50	1.13	DEV CP AM-C	AS	10.00	3/1/93	5.2	68.00	14.7
CENTENNIAL*	OC	7.00	'86	2.09	16.67	125	81.00	8.6	13.50	1.75	DEV CP AMER-C	AS	12.00	7/31/94	9.2	74.63	16.1
FED NATL MTG	NY	4.37	'96	27.60	19.63	1406	73.00	6.0	14.32	12.63	FAIRFIELD-C	AS	15.13	2/15/97	20.0	100.00	15.1
FIRST UNION	NY	10.00	'06	25.29	17.33	1459	139.00	7.2	24.08	25.50	FPA CORP-C	AS	14.50	9/1/00	25.0	95.63	15.2
KOGER PROPS	NY	9.25	'03	20.00	29.75	672	85.00	10.9	25.28	20.00	GRUBB & ELL-B	PS	8.50	12/3/87	11.4	86.00	9.9
LOM&NET FIN	NY	9.75	'08	109.35	24.25	4509	106.00	9.2	25.70	22.88	GULFSTREAM-A	AS	14.25	6/15/95	30.0	100.00	14.3
MASSMUTL M&R	NY	7.00	'00	6.74	20.00	337	83.00	8.4	16.60	17.00	INST INVESTOR-B	OC	8.25	2/1/87	4.8	75.00	11.0
MASSMUTL MTG	NY	6.75	'90	2.76	21.00	131	83.00	8.1	17.43	17.00	INTEGRATED-B	AS	12.88	5/15/99	15.4	80.38	16.0
MASSMUTUAL M	NY	6.25	'91	6.00	33.50	179	69.00	9.1	23.11	17.00	INTEGRTD RES-B*	NY	8.63	4/15/97	85.0	58.63	14.7
MONY MTG IN	NY	7.00	'90	4.91	11.00	447	78.13	9.0	8.59	7.00	KAUFMAN&BRD-C	NY	12.25	1/15/99	33.4	82.25	14.9
NEW PLAN RLY	AS	9.75	'98	25.00	12.00	2083	107.00	9.1	12.84	11.25	MDC CORP-C	OC	7.00	4/15/93	64.0	65.00	10.8
PENN REIT	AS	9.75	'03	35.00	25.50	1372	111.00	8.8	28.30	27.88	MSA REALTY-C	AS	9.25	4/1/93	75.0	99.00	9.3
PNE MTG	AS	6.75	'91	3.06	18.31	167	74.50	9.1	13.64	13.75	ORIOLE HOME-A	AS	12.63	6/1/97	20.0	80.00	15.8
PROPERTY CAP	OC	9.75	'08	40.00	38.00	1052	100.00	9.8	38.00	36.38	ORIOLE HOME-C	AS	12.88	7/15/00	25.0	85.00	15.2
PULTE HOME	AS	8.50	'08	59.99	23.75	2525	77.00	11.0	18.28	13.00	REALTY REFUND-A	NY	11.38	11/1/98	20.0	74.13	15.4
PUNTA GORDA	AS	6.00	'92	14.00	19.50	717	58.00	10.3	11.31	8.88	REALTY REFUND-C	NY	12.00	5/15/98	15.0	79.50	15.1
REALTY INCOM	AS	8.00	'91	12.02	16.50	728	81.00	9.9	13.36	6.63	SMI INVSTR-A	AS	14.00	11/1/87	9.9	98.50	14.2
REIT AMER	AS	8.00	'93	50.12	50.00	1002	75.50	10.6	37.75	30.25	TRECO-C	OC	6.75	9/1/91	5.3	54.00	12.5
RYAN HOMES	AS	6.00	'91	6.25	30.50	205	97.50	6.2	29.73	22.63	US HOME	NY	10.00	8/15/87	33.7	87.13	11.5
SAUL (BF) RL	OC	6.50	'91	23.24	23.00	1010	71.00	9.2	16.33	14.50	US HOME-A	NY	12.75	1/15/89	49.5	98.00	13.0
TRECO INC	OC	8.50	'98	4.25	1.62	2627	190.00	4.5	3.07	3.00	DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. VJ-BANKRUPTCY REORGANIZATION. DEF-IN DEFAULT. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. *DEEP DISCOUNT.						
TRI-SO INV	NY	7.00	'92F	5.81	29.50	197	64.75	10.8	19.10	6.00							
US HOME	NY	5.50	'96	4.72	11.98	393	81.75	6.7	9.79	6.00							
WASH CORP	OC	6.50	'91	11.51	23.28	494	54.00	12.0	12.57	2.50							
WELLS FARGO	NY	12.00	'05	27.89	25.03	1114	104.00	11.5	26.03	23.75							

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY
DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. DEF=IN DEFAULT.
F=TRADES FLAT, WITHOUT ACCRUED INTEREST. PH=PHILADELPHIA EXCHANGE.
PS=PACIFIC EXCHANGE. *-CONVERTS INTO PREFERRED SHARES.
DELETED: FLORIDA GULF 10.75% due '01; CALLED FOR PAYMENT 7/25/84.

REALTY STOCK GROUP ACTION SUMMARY

GROUP NUMBER & NAME	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG JUN 19	FROM-- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
1 PROPERTY REITS	34	1	35	3424	12.32	1.36	1.30	18.02	0.3	1.1	13.9	7.5	46.3	10.5	2216.3
2 PROP & MTG COMB REITS	10	2	12	3907	12.16	1.38	1.85	15.02	0.0	-5.5	8.1	9.2	23.6	15.3	828.6
3 MORTGAGE REITS	14	2	16	4726	15.93	1.74	1.71	15.40	1.2	-9.5	9.0	11.3	-3.3	10.7	1242.1
4 MAJOR HOMEBUILDERS	8	3	11	12867	16.04	0.28	2.34	17.17	-0.5	-23.6	7.3	1.6	7.1	14.6	1735.6
5 OTHER BLDRS/DEVELOPERS	8	28	36	4804	6.71	0.06	0.53	7.69	-2.4	-13.2	14.6	0.8	14.6	7.8	1312.0
6 INCOME PROP BLDR/OWNR	12	15	27	8240	8.93	0.35	1.10	11.50	-0.6	-5.9	10.5	3.1	28.8	12.3	1857.6
7 MORTGAGE BANKER/FINANCE	7	6	13	10971	6.79	0.21	1.14	9.14	1.5	-17.2	8.0	2.3	34.6	16.8	1653.6
8 DIVERSIFIED RLTY&HOLDING	10	9	19	9903	6.15	0.16	1.46	11.61	1.3	4.2	7.9	1.4	88.9	23.8	1382.2
9 RLTY SVCS/SYNDICATOR	5	3	8	5745	6.73	0.08	1.13	9.57	2.8	-20.0	8.5	0.8	42.2	16.8	439.5
10 MANUFACTURED HOUSING	4	4	8	13164	5.22	0.16	0.67	8.10	-5.2	-34.3	12.1	1.9	55.1	12.8	873.9
L LIQUIDATING COS			3	6350	6.43	14.00	2.17	21.63	7.0	13.6	10.0	64.7	236.5	33.8	148.1
OVERALL AVERAGE			188	6818	9.68	0.61	1.22	12.50	-0.1	-8.6	10.2	4.9	29.2	12.6	13689.5
DOW JONES INDUSTRIALS							87.38	1126.88	1.0	-10.5	12.9	5.0			

NOTE: LIQUIDATING COMPANIES INCLUDED ONLY IN COMPANY AND MARKET VALUE AGGREGATES; NOT INCLUDED IN OVERALL AVERAGES.

REALTY STOCK RANKINGS

BUY - SELL - HOLD ADVICES

REALTY STOCK REVIEW has developed its exclusive Rankings of real estate stocks to indicate relative quality of historic track record for investors. Rankings from "A" to "E", shown in the third column from left in the statistical tables above, are assigned based upon our analysis of five-year earnings and dividend trends, financial strength and liquidity, and management record. Being historical, Rankings are not based upon current price and thus are not intended as recommendations.

An asterisk (*) denotes stocks which cannot be ranked because of insufficient (generally less than two years) operating history in present form or incomplete data. (Z) denotes entities which currently retain Audit or its investment banking affiliate, Campbell & Dillmeier, for specific assignments; and entities for which we are acting as non-retainer intermediary for a publicly announced proposed transaction during the transaction's pendency. (L) denotes liquidating entities, which are not ranked. Rankings and Buy-Sell-Hold advices given without regard to whether the entity subscribes to RSR. Stock prices of REITs tend to be less volatile than stocks of operating companies, hence generally are better suited for longer-term.

Buy - Sell - Hold advices are summarized in the first two left-hand columns in the statistical tables, as "B" = Buy; "H" = Hold; "S" = Sell or Avoid. When two advices are combined (e.g., "B/H"), accent is upon the first advice. Advices are reviewed each issue and advice changes are underlined. Advices are classed as Short-Term ("S/T") for holding less than one year; and Long-Term ("L/T") for one to three years. No advices are given during pendency of a proposed equity-type security offering, or during pendency of an assignment involving Audit or its investment banking affiliate (see "Z" left). Advices are given for most widely held and active stocks, but we cannot advise at all times on thinner, less active stocks. No advices are given for convertibles, warrants or preferreds, which depend upon underlying common.

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